

**City of Miami Beach - Special City Commission Meeting
Commission Chambers, 3rd Floor, City Hall
1700 Convention Center Drive
May 22, 2002**

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Mayor David Dermer
Vice-Mayor Saul Gross
Commissioner Matti Herrera Bower
Commissioner Simon Cruz
Commissioner Luis R. Garcia, Jr.
Commissioner Jose Smith
Commissioner Richard L. Steinberg

City Manager Jorge M. Gonzalez
City Attorney Murray H. Dubbin
City Clerk Robert E. Parcher

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ATTENTION ALL LOBBYISTS

Chapter 2, Article VII, Division 3 of the City Code of Miami Beach entitled "Lobbyists" requires the registration of all lobbyists with the City Clerk prior to engaging in any lobbying activity with the City Commission, any City Board or Committee, or any personnel as defined in the subject Code sections. Copies of the City Code sections on lobbyists laws are available in the City Clerk's office. Questions regarding the provisions of the Ordinance should be directed to the Office of the City Attorney.

Called to order at 9:22:48 a.m.

Pledge of Allegiance led by Bill Talbert, President and CEO, Greater Miami Convention and Visitors Bureau.

REGULAR AGENDA

R7 - Resolutions

- R7A A Resolution Approving And Authorizing The Mayor And City Clerk To Execute A Notice Of And Agreement For Renewal Of The Agreement Between The City And The Greater Miami Convention And Visitors Bureau (GMCVB), Dated July 7, 1999; Said Agreement Exercising The Renewal Term, Commencing On October 1, 2002, And Ending On September 30, 2004; Further Authorizing The City Manager To Issue A Request For Qualifications (RFQ) Soliciting Qualifications And Proposals To Review And Assess The Current GMCVB Governance, Structure, Processes And Overall Operations And Make Recommendations As To What Model/Structure Should Provide The Services To Achieve Optimal Sales, Marketing And Public Relations Efforts To Enhance The City's Tourism And Convention Industries.

(City Manager's Office)

ACTION: Resolution No. 2002-24854 Adopted as amended.

Motion made by Vice-Mayor Gross to approve the Administration's recommendations as amended; seconded by Commissioner Steinberg; Voice vote: 7-0. Christina Cuervo to handle.

AMENDMENTS:

1) Sub-market initiative (Identified in the Mayor's Blue Ribbon Tourism Task Force Report: Cultural/Special Events, Sales/Marketing, Film/Fashion, Small/Boutique Hotels, Airport Initiatives, Gay/Lesbian, Service/Attitude, Administration and Residential) funding will be increased from \$600,000 to no less than \$1,000,000, and among the sub market initiatives would be helping to promote the festivals season and event promotions.

2) The Bureau is to provide the City of Miami Beach with quarterly reports in a form recommended by the Finance and Citywide Projects Committee. **[Patricia Walker to place on Committee Agenda.]**

3) The Cultural Arts Council, CAC, share the proportionate increases in revenues the Bureau receives from the City with the CAC.

Jorge Gonzalez, City Manager, clarified this item. The Bureau annually contributes \$300,000 to the CAC. The Bureau is proposing to give \$30,000 to cultural tourism. In addition to the \$30,000, as the annual \$5 million that the City provides to the Bureau increases, a pro rata share (6% of the growth) will be given to the CAC. **EXAMPLE ONLY:** If the incentive bonus beyond the \$5 million yielded \$1 million dollars more to the Bureau, \$60,000 more would be allocated to the CAC as part of their annual contribution to the arts (\$300,000).

4-A) Regarding Watson Island, any cost overruns will not be paid for by public funds and no Miami Beach money will be spent for any cost overruns.

4-B) The building account funds are to be segregated.

4-C) Use a Construction Manager (CM) at risk.

4-D) 10% minimum contingency.

5) Regarding the Strategic Tourism Plan, the City Commission would like the schedule of what we are asking the consultants to prepare to include not just an evaluation of who the customers are, but also to propose strategies for attracting the customer. Jorge Gonzalez, City Manager, stated that the intent is to have a two-step process. Step one (1) is to collect the data, and Step two (2) is the strategic plan.

As part of approving the contract there are two other companion motions:

1. The City issue an RFQ for a public relations agency to be hired by the City to promote Miami Beach
2. The Administration requests Miami-Dade County to fund one-half of the cost of lifeguards on the beach. (See Afteraction 5/29/02 item C7R)

6) That the private funding to the Bureau meets or exceeds the industry average.

Mayor Dermer stated that he was going to vote against the motion because of the Watson Island issue.

Commissioner Smith stated that he would like to see this agreement approved unanimously by the City Commission and asked what would it take for Mayor Dermer to vote for the motion.

Mayor Dermer stated that he would like the Bureau to meet with the City Manager to try to get the Bureau to relocate to Miami Beach. Vice-Mayor Gross added the Mayor's request to the motion.

7) The Administration and the Bureau to discuss the possibility of the Bureau renting office space in Miami Beach in lieu of proceeding with the Watson Island plan. Mayor Dermer to assist the Administration in the discussions.

Mayor Dermer asked Jorge Gonzalez, City Manager, if he had any suggestions to help motivate the Bureau to relocate to Miami Beach. Jorge Gonzalez, City Manager, stated perhaps a long-term contract. Bill Talbert added that this would certainly sweeten the pot.

Commissioner Bower stated that it would be a nice to have a unanimous vote on this and asked the Mayor to vote in favor of the motion.

Mayor Dermer stated that Miami Beach is a great place to live and work and he really wants the Bureau to consider moving its operations to Miami Beach.

END OF AMENDMENTS

Mayor Dermer stated that he, Commission Bower, Jorge Gonzalez, City Manager, and Police Chief Don De Lucca met with Miami-Dade County in an effort to get County police officers for Memorial Day. Miami-Dade County has committed 101 officers. There will be almost 500 officers on the street. He thanked Miami-Dade County for their assistance on this matter.

Mayor Dermer stated that he raised the question during the State of the City Address if a changed needed to be made regarding the Greater Miami Convention and Visitors Bureau (Bureau) contract. He stated that this has heightened public awareness on this issue.

Mayor Dermer wanted to make everybody aware of the Bureau's Watson Island project. The Bureau is engaged. as the developer to build an office building on Watson Island. This building will be owned by the City of Miami, but the City of Miami Beach has contributed millions of dollars towards its construction. In addition, the City of Miami Beach will be paying one-third of the rent for this building when there is a surplus of office space in the City of Miami Beach. He requested that everyone keep an open mind on this issue.

Jorge Gonzalez, City Manager, gave an oral report laying out the tasks defined at the Finance and Citywide Projects Committee meeting of April 8 (See LTC 116-2002). They included:

1. Review the elements of the 1999 Agreement between the City of Miami Beach and the GMCVB to determine if they have been complied with;
2. Negotiate with the GMCVB to identify additional elements desired as part of the renewal;
3. Recommend appropriate renewal terms;
4. Develop Scope of Services for a RFQ to conduct a broader study of the structure and model most appropriate for Miami Beach going forward; and
5. Report back to the Commission.

Jorge Gonzalez, City Manager, requested the GMCVB to perform an internal assessment. See document titled "Greater Miami Convention & Visitors Bureau Performance Analysis for contract period October 1, 1999 through September 30, 2002." The Administration reached out to our local partners, the various Chambers of Commerce, the Visitor and Convention Authority, the Greater Miami and the Beaches Hotel Association, the Nightlife Industry Taskforce, SMG operators of the Convention Center, and the chair of the Cultural Arts Council, and request their analysis of the Bureau. The Administration also contacted the City of Boston, the City of Los Angeles, and the City of Hawaii. One of the key elements driving the debates in the other Cities is the desire to establish better performance measures and increase accountability. Several Bureau successes were given as well as several areas where the Bureau needs to work harder. He stated that the Administration is recommending renewing the agreement for the two-year period with certain stipulations.

1. Immediately issue an RFQ for their marketing and advertising;
2. Commit no less than \$600,000 to go to the sub-market initiatives;
3. Enhanced committee representation;
4. Contribute \$20,000 towards the scholarship program for needy Miami Beach residents pursuing a career in the tourism industry and/or hospitality management;
5. Increasing funding toward cultural tourism;
6. The development of a strategic plan; and
7. The procurement of an independent market assessment that will include, who is the visitor to Miami Beach, why they come, what they are interested in, what they do while they are here, and how they are different from the visitors of the rest of the destination.
8. There is language in the contract that limits the City exposure to the Watson Island project.

Finally, the recommendation is conditioned on the stipulation that a broader study is conducted of the structure and model best suited to meet the needs of Miami Beach.

Several of the top advertising and public relations firms around the country gave presentations on their services. All the agencies stated that they were interested in providing their services to the City of Miami Beach.

Vice-Mayor Gross stated that the Bureau performs four major activities: marketing, public relations, convention sales and leisure sales, and stated that if the City takes over these functions, who is going to coordinate these activities.

Mr. William Talbert, GMCVB and Mr. Tony Goldman spoke on behalf of the Bureau.

Commissioner Cruz suggested allowing the Administration's recommendations of going forward and hire a firm to assess the Bureau.

Motion made by Mayor Dermer to place the issue on the ballot; no second offered.

Mayor Dermer offered a compromise to give the Bureau a one-year contract while the study is being done and based on the results of the study, the City can best determine how to proceed.

Commissioner Bower asked if a one-year contract is enough time.

Jorge Gonzalez, City Manager, stated that typically an RFQ process takes six to eight months. Once the company is selected time needs to be allocated to allow for the study. Once the selected company does its analysis, and the results indicate that the Commission should create a new entity that will take additional time. The bottom line is that 12-months is not enough time.

Vice-Mayor Gross stated that \$4 million dollars of Resort Tax money goes to pay for lifeguards and beach safety. The City should go to the County and request \$2 or 3 million for the biggest regional park in the County.

Several more public relations and marketing companies made presentations.

Members of the public were invited to speak.

Commissioner Smith, following up on David Kelsey's comments, stated that under the contract, Mr. Kelsey believes that the Bureau has dropped the ball in terms of marketing the destination, specifically item "1.01 N" in the contract. Commissioner Smith stated this is a fair point and the Administration addressed this issue by asking the Bureau to allocate \$600,000 as sub-market initiative. Dave Kelsey responded that it should be \$4 to \$5 million. If not, give \$2 million and put it under "our" control.

Commissioner Bower, responding to Richard Schindler [Island House], stated that if the Bureau stays, there will be a number of new committees. One of the new committees is the Gay and Lesbian Travel Committee. She invited him to participate on the committee and challenged the Bureau to put him on the committee.

Other speakers were heard.

Meeting recessed at 1:39 p.m. and was called back to order at 3:08 p.m.

Additional members of the public were heard.

Vice-Mayor Gross stated that the general public is not aware of the marketing and advertisement done by the Bureau on behalf of the City. The Bureau needs to communicate with the community.

Commissioner Smith stated that there should be more communications between the Bureau and the Commission and the Commission deserves more information.

Commissioner Bower agreed with Commissioner Smith that there needs to be more communication.

William Talbert agrees that the Bureau needs to do a better job communicating with the Commission and the public.

Commissioner Garcia stated that as part of the executive committee of the Bureau, at a recent retreat he suggested to the Bureau that they come before the Commission at least once or twice a year.

Tony Goldman, Chairman of the Bureau, spoke on behalf of the Bureau.

Commissioner Smith stated that the Administration is requesting enhanced services or new conditions be imposed in the new two-year contract. Will the City of Miami Beach have final veto power over the RFQ for marketing services selection process? He stated that he wants the City to have more than a passive role in the selection process.

Tony Goldman stated that the City of Miami Beach and the Bureau are partners and Miami Beach will have at least one-third representation. The head of the selection committee will be Wendy Hart. He does not think that veto power is necessary since there is a partnership.

Jorge Gonzalez, City Manager, stated that the contract stipulates that the City will have representation on all committees and expect to have representation during the RFQ process. The resolution before the Commission is for the process to be coordinated with the City's Procurement Director. The present agreement does not have a veto provision. The agreement does give the City significant presence during the RFQ selection process.

Commissioner Bower asked if the Bureau is bound to City of Miami Beach procurement procedures.

Lucia A. Dougherty Esq. (Greenberg Traurig) and attorney for the Bureau, stated that the Bureau is not bound by City of Miami [Beach] procurement regulations, however, the Bureau did adopt their own regulations. The procurement regulations were approved by the Bureau's Board of Directors and their Executive Committee. The agreement requires the Bureau to coordinate with the City of Miami Beach. More importantly, the City of Miami Beach has two (2) individuals (Commissioner Garcia and Jorge Gonzalez) sitting on the Executive Committee who have to approve the issuance of the RFQ and the subsequent contract.

Commissioner Steinberg asked Mr. Goldman if he would object to a provision in the contract to give a local preference on the advertising firm.

Tony Goldman stated that he would consider a national organization that has a local office, to be a local provider.

Commissioner Steinberg also stated that one of the objectives in the last contract stated "to increase funds directly from the private sector" - letter "M" of the agreement. Private sector contributions are presently 15.9%. It is the lowest amount of the other Bureaus.

Tony Goldman stated that he is interested in growing the membership so there are more discretionary funds. He stated that he would not have an objection in increasing the private sector contributions as a goal.

Jorge Gonzalez, City Manager, stated that he wants it to be clear that the stipulations added to the renewal contract are in addition to those requirements in the original contract. If the requirements are in the first contract they remain.

Mayor Dermer outlined the issues and concerns of the Watson Island project and asked the City Manager for his view of addressing the problems.

Jorge Gonzalez, City Manager, stated that the Watson Island issue was addressed with the Bureau as part of the renewal negotiations and in the recommendation to the Commission there is language which attempts to limit the City's exposure/contribution as part of the arrangement with the City of Miami Sports and Exhibition Authority, the Bureau, and the City of Miami Beach. He stated that about a \$1 million dollars of the monies set aside for the Watson Island project is Miami Beach money. The new language in the renewal agreement acknowledges that the \$1 million is the Beach's contribution towards the Watson Island project. No additional Beach money will be applied to any project cost overruns and there will be no denudation of services.

Vice-Mayor Gross stated that the office building is very expensive to build and with the economic conditions today it makes sense to take another look at the renting opportunities rather than construction.

Tony Goldman affirmed.

Mayor Dermer stated that presently there is a surplus of office space in Miami Beach. Mayor Dermer requested the Bureau and the Administration to meet and rethink the Watson Island project and look for office space in Miami Beach. **Christina Cuervo to handle.**

Tony Goldman stated that at this point all options are open.

Commissioner Smith asked about the sub-tenants who would be in the building. [Chalks Airways, U.S. Customs and INS offices, Chalks restaurant]. There will be operating expenses that are

independent of the operations of the Bureau. If the operating expense increases, which are not related to the operations of the Bureau, then the City of Miami Beach money will not be used to make up the difference.

Patricia Walker, Chief Financial Officer of the City of Miami Beach, stated that there is a provision in the agreement that caps the rent and the pro-rata share. See sub 4 in the agreement.

Mayor Dermer requested that the Watson Island issue be referred to the Finance and Citywide Projects Committee. Jorge Gonzalez and William Talbert to meet to discuss moving the Bureau to Miami Beach. **Christina Cuervo to handle.**

Lucia A. Dougherty Esq. (Greenberg Traurig), stated that at the end of the paragraph on Clause 9, another clause can be added which states: "If there are any cost overruns and they are not paid for by either FDOT, CDT grants funds, or any other grant fund, then the Bureau needs to come to the Administration to prove to the City Manager that the Bureau is not using Miami Beach money.

Vice-Mayor Gross stated the issues that concern him are as follows:

1. Administration's City tourism professional to promote tourism. Estimated cost \$100,000.
2. There are very few funds available for TV broadcasts directly originating from Miami Beach. Estimated cost \$0.5 million.
3. Public Relations. The Bureau should not be the only entity marketing Miami Beach. The City should have its own public relations firm doing complementary public relation for Miami Beach. The cost is between \$300,000 - \$500,000.
4. There should be other ways the Bureau can increase private contributions in addition to increasing membership.
5. The summer season is also of great concern. There needs to be one or two great events over the summer that will draw people to Miami Beach during the festival season. There needs to be "seed money" to create these events. An estimated amount of investment would be \$1 million.

He stated that if the County would split the costs of the regional park, the beaches, that would bring in \$2 million.

Jorge Gonzalez, City Manager, stated that he would welcome a resolution of this Commission to pursue getting funding from Miami-Dade County in reference to lifeguards for the beaches.

Commissioner Smith's comments:

1. Wants to know more about the RFQ process for: 1) the service of reviewing the Bureau and 2) the RFQ which the Bureau will issue for marketing service.
2. On the sub-marketing initiative, he would like to increase the allocation from \$600,000 to \$1 million.
3. Advertise directed more towards South Beach and Miami Beach and less Greater Miami.
4. Increase the amount of money that comes back to the Cultural Arts Council (CAC). The formula could be if the Bureau gets more funding because the Resort Tax increases, then a proportionate of the increase would go to the CAC.
5. Monthly reports to the City Commission on what the Bureau is doing to market Miami Beach.
6. Review the Bureau's strategic tourism plan.

Commissioner Smith commended the Administration for negotiating the educational scholarship aspect of the agreement.

Commissioner Cruz stated the following:

1. The Bureau needs to be more accountable.
2. The Bureau needs to increase the amount of private participation.
3. The Watson Island cost overrun is a concern. If the Watson Island issue does not get resolved, than the Bureau, after 17 years in Miami, needs to consider moving to Miami Beach.

Commissioner Bower asked how can the City make the Bureau accountable and how they are spending the money.

Commissioner Smith and Commissioner Garcia stated that there should be a provision for quarterly reporting of the Bureau. The Finance and Citywide Projects Committee and the Bureau should come up with the format for the quarterly report. The quarterly report requirement needs to be added to the contract. **Patricia Walker to handle.**

Commissioner Bower asked if the Bureau advertises in Spanish media in order to bring Hispanic tourism. She would like a report explaining this issue.

Orlando Aedo, Vice-President of Marketing for the Bureau, gave an overview of Spanish language media.

Commissioner Bower stated the following:

1. The Bureau's Board should be more ethnically diverse.
2. There needs to be a quarterly report.
3. Keep the Commission involved in the Bureau's plans. Let the Commission know what you are doing before you do it.

Commissioner Steinberg stated the following:

1. The Beach should have its own public relations firm in addition to the Bureau.
2. Activity reports are needed.
3. He agreed with Commissioner Smith that the \$600,000 for sub market initiative should be increased. The \$1 million a figure is a reasonable amount.
4. He also agreed with increasing the Miami Cultural Arts share proportionate to the total increase.
5. Private funding for the Bureau should meet or exceed the industry.
6. Watson Island project - there should be a 10% contingency and use the contractor at risk.

William Talbert agreed to increase the sub-market initiatives from \$600,000 to \$800,000.

Mayor Dermer stated that this entire debate has been healthy. The Mayor's Blue Ribbon Task Force has been very healthy. The Commission has worked very hard on this project. He stated that he is encouraged by the RFQ process to review the Bureau. The amount of office space available in Miami Beach makes the Watson Island project very uncomfortable.

See motion above.

Handout or reference materials

1. See LTC 116-2002 - GMCVB: Report in accordance with Finance and Citywide Projects Committee Direction of April 8, 2002, dated May 3, 2002 - Submitted as part of the agenda
2. Check Register from GMCVB from 10/1/96 to 9/30/97 Cash Account 1070-0000
3. Check Register from GMCVB from 10/1/96 to 9/30/97 Cash Account 1015-0000
4. Check Register from GMCVB from 10/1/96 to 9/30/97 Cash Account 1010-0000
5. Special Commission Meeting notice Miami Herald Neighbors Ad
6. Report titled "Greater Miami Convention & Visitors Bureau" - Ground Transportation Expense Fiscal Year Ended September 30, 2001
7. Speakers Lists
8. Report titled "Summary of Functions/Services" - Greater Miami Convention & Visitors Bureau
9. Letter to Mayor and City Commission from Leo Salom, Managing Director, Fountainebleau Hilton, dated May 21, 2002.
10. Pictures and correspondence sent by the Bureau

- R7B A Resolution Calling For A Special Election To Be Held On Tuesday, September 10, 2002, For The Purpose Of Submitting To The Electorate Of The City Of Miami Beach A Non-Binding Straw Ballot Question Asking Whether The City's Contract For Promotion Of Tourism Should Be Competitively Bid.

(Requested By Mayor David Dermer)

ACTION: Item not reached.

Discussion of the Watson Island Project.

Meeting adjourned at 6:32:01 p.m.

End of Regular Agenda